



THE ATTORNEY GENERAL OF TEXAS

AUSTIN 11, TEXAS

GERALD C. MANN

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ATTORNEY GENERAL

Mr. C. P. Lockhart, Chairman
Board of Insurance Commissioners
Austin, Texas

Dear Sir:

Opinion No. 0-4596

Re: Merger of Teachers Annuity
Life Insurance Company and
Texas State Life Insurance
Company.

You have submitted to us for approval certain documents designed to effect a merger of the Teachers Annuity Life Insurance Company and the Texas State Life Insurance Company. We refuse to approve said documents for the following reason:

Article 5040, Vernon's Revised Civil Statutes, authorizes, under certain conditions, the consolidation or merger of two or more insurance companies "previously organized under the laws of this State." In the opinion of this Department, the privilege of consolidating or merging is extended only to insurance companies lawfully organized under the laws of Texas.

In our opinion No. 0-4237, we advised you that real estate, encumbered or not, could not under Article 4720 constitute the capital stock in whole or in part of a life insurance company upon original incorporation; that the capital stock of the company at that time must consist of "cash or securities" of the class in which such corporations are authorized by Article 4723 to invest their funds.

At the time of the chartering and the issuance of first certificate of authority to do business to the Teachers Annuity Life Insurance Company, its capital stock consisted of mortgaged real estate. A suit by the State against the Teachers Annuity Life Insurance Company is presently pending in the 53rd District Court of Travis County, wherein this fact is alleged and the court requested to declare the charter of such company to be void.

Under these circumstances, we are of opinion that the law does not authorize the Teachers Annuity Life Insurance Company, not lawfully organized under the laws of Texas, to consolidate or merge with another insurance company.

Mr. O. P. Lockhart, Page 2 0-4596

In view of this situation, we do not find it necessary to express an opinion upon other questions relating to the proposed merger or consolidation.

The documents enclosed with your letter are returned herewith.

Yours very truly

ATTORNEY GENERAL OF TEXAS

s/ R. W. Fairchild

By

R. W. Fairchild
Assistant

RWF:LM/ldw

ENCLOSURE

APPROVED JUN 2, 1942
s/ Gerald C. Mann
ATTORNEY GENERAL OF TEXAS

APPROVED
OPINION COMMITTEE
BY B. W. B.
CHAIRMAN